FISCAL RESEARCH CENTER

PROPERTY RIGHTS REFORM: A FISCAL ANALYSIS

Peter Bluestone

Fiscal Research Center
Andrew Young School of Policy Studies
Georgia State University
Atlanta, GA

FRC Report No. 149
April 2007

Georgia State University | ANDREW YOUNG SCHOOL OF POLICY STUDIES

Acknowledgments

The author would like to thank David Sjoquist, Sally Wallace and John Matthews for their valuable comments on this report. All errors or omission, though, remain the responsibility of the author.

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I. Introduction

At the beginning of the 2006 legislative session, two property rights concerns were at the forefront of the legislative agenda. The first was protecting residential property owners from the abuse of eminent domain law by local governments. The Supreme Court case that brought this issue to national attention was *Kelo v. City of New Londo*n (2005) (*Kelo*). The issue in *Kelo* arose when the city of New London, Connecticut used the power of eminent domain to condemn nonblighted residential property for economic development. This was perceived by the public to be an abuse of the power of eminent domain. However, the Supreme Court found New London had not abused its authority. The second property rights concern was regulatory takings. Some Georgians have long held the belief that local governments have overstepped their bounds in implementing regulations regarding the use of private property, particularly for required stream buffers (Crawford 2006). A bill was introduced that would make it easier for property owners in Georgia to collect compensation due to laws and regulations that diminished the value of their real property.

The Georgia legislature passed a bill curbing the power of eminent domain for local governments. However, the regulatory takings bill did not pass.[1] This report discusses the two strands of property rights advocacy: regulatory takings and eminent domain. Georgia's experience is compared with other states. The fiscal effect of the proposed regulatory takings legislation and the eminent domain reform is also examined.

[1] Regulatory takings by definition are violations of the Fifth Amendment and require compensation, thus throughout the rest of this report regulatory taking will be used without referring to compensation.

II. Regulatory Takings

Countrywide eminent domain legislation garnered much media and public attention after the *Kelo* decision. However, a second issue that private property rights advocates have been working on at the state level, regulatory takings, has the potential for a much larger fiscal impact at the state and local level. States have passed various regulatory takings reform measures that provide greater protection for private property owners from local government action. These measures provide a higher level of protection than the regulatory takings standard set out by the federal courts. Regulatory takings reform can have a significant effect on local government planning and land use policy. This section will review the basics of regulatory takings law as well as selected state initiatives to revise these takings standards.

History of Federal Takings Law

The federal prohibition against government taking private property without compensation is found in the Fifth Amendment of the United States Constitution. This doctrine has been expanded to include regulations that rise to the same level as a physical occupation of private property by government.

A regulatory taking occurs when a government action, law or regulation has such an extreme effect on private property that it is as if the government has exercised its right of eminent domain and thus must compensate the property owner. This idea was first espoused by Justice Holmes in the now famous case, *Pennsylvania Coal v. Mahon* (1922). A regulatory taking is also called an inverse condemnation, or more generally a taking.

The Supreme Court has developed two clear standards to determine whether a regulatory taking has occurred. The first is if the regulation entails an actual physical invasion of property (*Loretto v. Teleprompter Manhattan CATV Corp* 1982) (*Loretto*). For instance in *Loretto*, a New York state statute allowed cable television operators to install cables and switch boxes on the rooftops of apartment buildings for a $1.00 fee. The statute was deemed a taking and required compensation to the building owner under the physical invasion standard. The size of the switch boxes and cables was not relevant. The second standard is if the regulation effectively limits

all economically viable use of the property (*Lucas v. South Carolina Coastal Council* 1992) (*Lucas*). In *Lucas*, the Supreme Court held that South Carolina's Beachfront Management Act constituted a taking because it prohibited the owner of two beachfront lots from constructing one single family home on each lot. The Beachfront Management Act was deemed to deprive the property owner of all economically viable use of the property.

If these two standards are not met, the court instructs that a balancing approach be taken in which the character of the government regulation must be considered in relation to the economic impact of the action. How the action interferes with distinct investment backed expectations must also be examined (*Penn Central Transportation v. New York City* 1978). The federal standard to prove that a regulatory taking has occurred is generally considered difficult to meet (Trevarthen 2004).

Historically this high federal standard, combined with the local police power, allowed local governments wide latitude in their planning and regulation of land use. Courts regularly differed to the local legislative body when challenges to land use and planning statutes came before them. Some states and local governments have used this combination of police power and judicial deference to pass sweeping land use planning and growth management statutes. Perhaps the best-known example is Oregon. Another state with comprehensive land use and planning statutes is Florida. Both states have recently seen successful campaigns to reign in this planning legislation. The examples of Florida and Oregon will be discussed later in the report.

Property Rights Reform

The increase in environmental and land use regulatory activity at the state and federal level during the 1970s was not universally popular. By the mid-1980s, initiatives backed by citizens, as well as industries that rely on the availability of real property, such as developers and agriculturalists, filed cases and supported initiatives to curb some of the recent environmental protections and planning requirements (Trevarthen 2004). These efforts at the federal level languished. However at the state level, these initiatives proved to be much more successful. Over the past fifteen years,

twenty states have passed legislation that gives additional protection to the rights of private property owners from government regulation (Trevarthen 2004).[2]

Regulatory takings reform legislation has generally come in two forms. The first is an assessment requirement, modeled after the National Environmental Protection Act. Governments are required to assess the impact of land use and environmental regulations on private property rights. The government must also identify alternative regulations that would be less burdensome on those rights. This type of assessment statute was adopted in the majority of states (Trevarthen 2004).

The second type of reform legislation defines new standards for determining when a regulatory taking has occurred. These statutes define the level of acceptable burden regulations can have on private property before compensation is required. The standards are considerably lower than the federal standard, making recovery under a regulatory taking claim easier. These compensation statutes have been adopted in the minority of states including Florida and Oregon (Trevarthen 2004).

With much lower burdens of proof to establish a regulatory taking, the second type of reform statutes can have a chilling effect on local planning and land use regulation (Trevarthen 2004 and Stevens 2002). It can also allow developers to have additional leverage in negotiations with local governments by threatening to sue under these statutes (Trevarthen 2004). In addition, these statutes may impose higher costs on residents, such as higher taxes to pay the compensation for regulatory takings, or less land use planning and regulation than the majority of residents would prefer. Opponents of these statutes claim that negative spillovers can occur as governments are precluded from exercising control over the siting of noxious industries such as mines, cement plants, or meat processing (Egan 2006 and Peters 2005).

The law that attempted to alter the way regulatory takings are defined in Georgia did not pass. However, it is likely that Georgia will see takings legislation in another form. Thus, it is worthwhile to examine the experiences of Oregon, Florida, and South Carolina. Each has a different type of planning statute as well as property

[2] They include Arizona, Colorado, Delaware, Florida, Idaho, Indiana, Kansas, Louisiana, Maine, Michigan, Mississippi, Missouri, Montana, North Carolina, North Dakota, Oregon, Tennessee, Texas, Utah, Virginia, Washington, and Wyoming.

rights regime. The two most prominent are in Florida and Oregon. Georgia's regulatory environment is more stringent than South Carolina's but is less restrictive than that of Oregon and Florida. Therefore, how revisions of regulatory takings law in Georgia affects the state is likely to fall between the experiences of South Carolina and Florida or Oregon. The next section looks at the regulatory takings reform experiences of Florida, Oregon and South Carolina.

Florida Harris Act

Comprehensive planning laws have existed in Florida since the 1970s. Florida law mandates that local government plans explicitly include three elements: traffic management, open space preservation, and housing provision. Growth boundaries are an available planning option (Williams 2004). Also, local governments must engage in concurrency management. Concurrency management is intended to maintain the same level of public service standards and facilities as laid out in an area's current comprehensive plan. Thus, if additional development is approved and built that does not have public services or has the effect of reducing public service levels to existing development, additional infrastructure must also be approved and constructed either simultaneously or within a reasonable time. The infrastructure must maintain the original public service levels in the entire area (Williams 2004).

The Bert J. Harris Act (Harris Act) was passed in 1995 in an effort to lighten the burden imposed on property owners by the Florida planning statutes. The Harris Act was a compromise between entrenched environmental interests and newly powerful private property rights advocates (Jurgensmeyer 1996).[3] The act provides that if a local government passes any rule or regulation that establishes an "inordinate burden" on private property, the government must compensate the landowner (Fla. Stat § 70.001(3) (e) (1995). While it is not clear what qualifies as an "inordinate burden," the legislature intended for property owners to be able to recover damages more frequently under this act than they did previously under the federal standard. The legislative history states that the Harris Act is to provide for a new cause of

[3] The alternative may have been a state constitutional amendment (Jurgensmeyer 1996).

action for property owners in addition to traditional takings (Jurgensmeyer 1996). In addition, the Harris Act allows local governments and aggrieved parties to negotiate a settlement that may exempt the "inordinately burdened" property from the offending law. Such settlements must be filed and approved by the circuit court. These settlements also have the potential to circumvent the intent of local governments and the residents of the area (Jurgensmeyer 1996).

Despite the act's significant changes to the prior law, very few cases have been brought (Trevarthen 2004). Some commentators suggest that the act has had a chilling effect on legislation (Trevarthen 2004 and Stevens 2002). Without clear guidance from the statute or the courts, local governments are reticent to put forth new legislation that could generate claims under the Harris Act. Such claims generate a no-win situation for the government due to the expense of defending against a Harris Act claim as well as the threat of a damage award. In addition, developers have been able to threaten suits under the act and coerce local governments to agree to variances and exceptions to current land use and planning statutes (Trevarthen 2004).

Despite the above concerns, Florida's experience with property rights reform has been relatively benign (Trevarthen 2004). Several factors contribute to this effect. First, the Harris Act is prospective only, that is it applies only to new regulations. Second, Florida already had a statewide comprehensive plan in place with universal local compliance. Third, modifications to existing plans are not considered new legislation and thus have not been challenged under the Harris Act (Fishkind & Associates 1998). The experience in Oregon with property rights reform has been considerably more contentious.

Oregon Measure 37

Oregon passed comprehensive land use planning legislation in 1973. It is considered by some to be the strongest in the nation (Hunnicutt 2006). The legislation requires that local land use plans and laws comply with specific state planning goals. The goal that proved the most onerous to some longtime residents is the requirement that rural lands be designated either farmland or forestland. The farm or forest land designation makes it very difficult for property owners to pursue other uses.

Prohibited uses include building new residential dwellings on the property. An inability of owners to build new homes for themselves on their property sparked the drive to change the land use laws through a compensation statute (Hunnicutt 2006).[4]

The backlash against Oregon's land use controls took the form of referendums, called Measures, and attempts at legislative changes. Measure 7 was passed by voters in 2000, but was struck down by the Oregon courts. The legislature also failed in 2001 and 2003 to devise legislation acceptable to property rights advocates and planning proponents. Measure 37, the latest property rights initiative, was approved by the electorate in 2004. However, it was held up in the Oregon courts until 2006 (Hunnicutt 2006).

Measure 37 provides both prospective and retroactive relief for property owners. The retroactive section provides relief for residents who have continuously owned property before the 1973 land use laws were passed. The landowner must be compensated if she can show that local land use laws have diminished the fair market value of her property. If the local government cannot compensate the owner, the application of the offending land use measure must be waived. Prospectively, Measure 37 requires that property owners be compensated for any new laws that diminish the fair market value of their private property (MacLaren 2006).

Measure 37 has caused confusion throughout Oregon as to the future application of community land use laws and plans. While the measure requires compensation for landowners, it provides no source of funds for local governments to respond to claims or pay them. Certainly not all claims are valid. The Oregon law requires that diminution of fair market value, due to the offending law, be supported by evidence such as, appraisals or expert opinion. But since most small local governments have no funds to dispute an asserted loss in fair market value or pay any claim regardless of value, they just waive the land use rule for all claimants (MacLaren 2006).

[4] Dorothy English, a 93 year old widow, did several commercials for measure 37 and epitomized this problem. She has owned 20 acres overlooking Portland since 1953. She has been fighting the Oregon planning process for over 30 years to build several homes on her property, including one for her grandson (Hunnicutt 2006).

For those areas in Oregon that have dedicated funds to deal with Measure 37 claims, the implementation cost is likely to exceed official estimates. A statement of the estimated fiscal effect was filed with Measure 37 prior to the election in 2004. The estimated fiscal cost to the state for administrative expenses for responding to the claims was $18 million to $44 million annually. The estimated value of claims filed with local governments seeking compensation was $44 million to $300 million annually (1000 Friends of Oregon 2006). These estimates are likely to be low. The estimated value of the 2006 claims filed in Portland alone is approximately $250 million (Budnick 2006). Statewide, Oregon has received approximately 6,500 claims prior to the December 4, 2006, filing deadline under the retroactive section of Measure 37 (1000 Friends of Oregon 2006).

There is still much uncertainty as to how the majority of Measure 37 claims will be handled. Oregon must now attempt to balance the competing demands of its statewide comprehensive land use plans and Measure 37's requirements for compensation or a waiver of such plans. The Governor and the Legislature will attempt to tackle the issue in the 2007 legislative session. The next section examines the experience of South Carolina. Unlike Florida and Oregon, South Caroling had very little in the way of comprehensive state or local planning and land use controls when it tried to implement property rights reform.

South Carolina House Bill 3591

In 1998, South Carolina attempted to pass House Bill 3591, a law very similar to the Harris Act in Florida. However, South Carolina's land use laws and planning statutes were considerably less developed than Florida's were in 1995 when the Harris Act passed. South Carolina essentially had no statewide planning laws in place and counties varied dramatically in their level of zoning and planning laws (Fishkind & Associates 1998). A coalition of citizens' organizations commissioned Fishkind and Associates

(Fishkind), a prominent Florida economics consulting firm, to study the implications to the state and its residents of passing House Bill 3591.[5]

The report's conclusions were fairly dramatic. The estimated first year cost of the act to state and local governments and landowners was $126 million due to additional litigation (Fishkind & Associates 1998). In addition, South Carolina cities and counties might lose the ability to protect historic sites or plan for growth because they lacked the funds to compensate property owners (Fishkind & Associates 1998). The bill did not pass but attempts to revive the statute are still made (Stevens 2002). While South Carolina House Bill 3591 essentially mirrored the Harris Act and was prospective only, its experience with litigation due to House Bill 3591 was not likely to be that of Florida.

The South Carolina estimated costs for litigation under the proposed act are large for several reasons. First, South Carolina required reauthorization of state and local plans in 1999. It was believed that the reauthorizations would be considered new law under the act and subject to claims (Fishkind & Associates 1998). Second, the low level of planning and zoning that existed in 1998 in many of South Carolina's 46 counties. In 1998, twenty-two counties had no zoning regulations and 17 counties had no subdivision rules (Fishkind & Associates 1998). If these unregulated counties were to add zoning or planning, it would likely result in litigation under the act. It is reasonable to expect landowners to sue to protect the rights given to them under property rights legislation. This was the experience in Oregon when thousands of landowners rushed to file claims to secure their newly created rights under the retroactive provisions of Measure 37, as described above. The next section describes in detail the methods used by Fishkind to generate the estimates in its report. The methods are slightly modified and applied to Georgia to generate an estimated cost if similar legislation were to pass.

[5] The Report was commissioned by "Beat the Burden" Coalition. Coalition members included: The American Planning Association, South Carolina Chapter; the Historic Charleston Foundation; The League of Women Voters of South Carolina; The Municipal Association of South Carolina; the National Trust for Historic Preservation; the South Carolina Association of Counties; the South Carolina Downtown Development Association; and the South Carolina Wildlife Federation.

III. Fiscal Impact of Proposed Takings Reform Legislation in Georgia

In Georgia it is unclear what would qualify as a regulation or law that would trigger a claim under the proposed 2006 law, Senate Bill 30. Sponsors of the bill asserted zoning would not trigger a claim under the law. Opponents of the law claimed that no language specifically excluded zoning (Peters 2005). It was also unclear whether local planning initiatives would trigger a cause of action under the new law. It is clear from the legislative history that stream buffers and other environmental requirements were the targeted regulations that would trigger a claim under the proposed legislation (Peters 2005).

Senate Bill 30 did not pass. At the time of writing this report, it is not known what form future property rights legislation will take in Georgia. Thus, to be able to estimate fiscal effects, reasonable assumptions must be made. For this analysis, I will assume a new Georgia property rights law that is functionally equivalent to House Bill 3591 from South Carolina. Whatever action triggered a claim under the South Carolina bill would also trigger a claim in Georgia. Thus, any government action that creates an inordinate burden on private property could trigger a claim under the act (Fishkind & Associates 1998). The litigation costs estimated by Fishkind were reviewed, at our request, by lawyers in 2006 and deemed reasonable to apply to Georgia. Unless explicitly stated otherwise, estimation procedures and cost elements are the same as those used by the Fishkind expert panel. To keep the various cost estimates more manageable, 1998 values will be used throughout the report. Only the final estimated costs will be adjusted for inflation.

Fishkind's method for estimating the potential cost for the South Carolina bill involved three steps. The first step was to estimate the costs per claim both for the property owner filing the claim and for the government to respond to it. The second step was to estimate the number of claims filed under the act in its first year of existence. The third was to estimate litigation expenses.

Estimated Costs to File a Claim

To estimate the costs per claim, Fishkind impaneled a group of experts including: lawyers, tax assessors, appraisers, and government officials. The panel estimated a range of costs for claims for loss of property values generated by the act. These estimates were in the form of cost distributions, giving a minimum value, maximum value and a midpoint. Fishkind had instructed the panel that the distribution of costs should cover 90 percent of potential claims filed under the act. The midpoint was used to calculate the expected value for the cost of a typical claim.

The first steps in recovering lost value under a Georgia proposed property rights statute are to determine the amount of damages and to file a notice of claim. To ascertain the amount of damages to property due to a burdensome law or regulation, an appraisal is needed. The appraisal must demonstrate the loss of fair market value due to the regulation. The appraisal needs to account for values before regulation and after. To properly assess these values input may be required from experts such as: engineers, hydrologists, and economists.

The South Carolina panel determined the minimum cost for the landowner to complete this step in the process would be $2,500 while the maximum would be $60,000. The minimum and maximum are expected to capture 90 percent of the cases. Thus it is possible that five percent of the cases will cost less than $2,500 and five percent will cost more than $60,000.[6] The midpoint for this distribution was estimated to be $6,250. This midpoint is the value used to calculate the estimated cost in South Carolina. I adopt this value for Georgia. Throughout the rest of this section the cost estimates will be generated by the same procedure.

The South Carolina law required a written settlement offer be made to a claimant within 180 days. The estimated costs to the county governments are listed in Appendix A. The low estimate to prepare this written offer within the proscribed time frame was $250, the high was $31,500. The panel estimated the midpoint for these costs to be $3,175. I use this estimate as well for Georgia.

[6] The South Carolina panel based their midpoint estimation on a poison distribution of the costs.

Estimated Number of Claims Filed

Total cost depends on the number of claims filed. New development is assumed more likely to generate claims under the proposed act due to the acts prospective application. To proxy the amount of new development, Fishkind used county level real-estate sales data as well as county characteristics. Fishkind also reviewed this method with the expert panel to ensure it was a reasonable approximation.

The likelihood of a claim arising out of a new development is calculated first. Four factors were used to determine the likelihood of a claim being generated from new development in a county. First, was the number of real estate transactions that occurred in the county in a year. Second, was the regulatory environment with in the county. Third, was the number of parcels of land in the county. Fourth, was the existence of zoning and subdivision regulations.

The first step in determining the number of lawsuits based on new development in Georgia if the proposed act was in place is to determine the volume of real-estate transactions in a county in a given year. The yearly number of real-estate transactions per county was estimated by taking the three-year average of real estate transactions from 2003-2005. The data were taken from sales audit reports from the Georgia Auditors office (See Appendix B for a detailed description of the data).

The second factor considered in estimating the likelihood of a claim being brought under the proposed act is the regulatory environment in the county. In South Carolina, the panel did a telephone survey and relied on local expertise to determine whether the regulatory environment in the county was strict, intermediate, or relatively loose. I use a Department of Community Affairs (DCA) map of counties to characterize the regulatory enforcement regime. (See Appendix C for the maps). In some counties in Georgia only the municipalities issue building permits. In others, the county just issues building permits but does not enforce the building codes. A third group of counties issue building permits and enforce the building codes. These enforcement designations were used to determine the strictness of county regulation.

If the county issues building permits and enforces the building code, it is considered a strict regulatory environment county. If the county did not issue building

permits or enforce the building codes, it is considered a low regulatory environment county. If it either issued building permits or enforced building codes, it is an intermediate regulatory environment county.[7]

The third factor is the number of parcels of land in a county. Counties with fewer parcels were deemed by the South Carolina experts to be less likely to encounter litigation under the proposed act. In general, rural counties have fewer parcels than urban counties. Urban counties, like Fulton County, home to the city of Atlanta, are likely to have more new development and land use changes. Rural counties are more likely to maintain the status quo and experience slower rates of development and change (Fishkind & Associates 1998). Using Fishkind's approach, I assigned a scaling factor to each county in Georgia depending on its number of parcels. Counties with the most parcels received the lowest scaling factor and are the most likely to incur litigation under the new act. The scaling factor for these high parcel counties is ten. Counties with the fewest parcels were the least likely to incur litigation under the proposed new act and have the highest scaling factor of 100. The intermediate counties were assigned a scaling factor of 20 (Fishkind & Associates 1998).

The Fourth factor considered by the South Carolina panel was whether a county currently had zoning or subdivision regulations. In the South Carolina study a county is given a ten percent chance of a claim being filed if it had zoning regulations. Another ten percent was added if it had subdivision regulations. If it had neither, the county received a score of zero.[8]

In Georgia the third and fourth factors for estimating the likelihood of a claim arising in a county are somewhat linked. The counties deemed least likely to incur litigation costs were those with fewer than 30,000 parcels. Georgia has 126 counties with fewer than 30,000 parcels, 53 do not have zoning, while 36 do not have subdivision regulations. The next group of counties is those that have between

[7] The Georgia DCA also has different requirements for planning based on current county population. So the regulatory environment is linked partially with population. Rural counties with small population are less likely to enforce codes thus they are deemed less strict, and the DCA requires less regulation of them.

[8] In some South Carolina counties partial zoning existed. In Georgia the county is considered to have full zoning or none at all.

30,001 and 60,000 parcels. These counties have an intermediate chance of incurring litigation. In Georgia 21 counties fall into this category. All 21 have zoning and only one does not have subdivision regulations. The third group is counties with over 60,000 parcels. There are 12 counties in Georgia in this category; all have zoning and subdivision regulations.

Fulton County will be used to demonstrate how the number of potential claims filed is calculated. The first factor needed is the number of parcels on which new development is likely to occur. For Fulton County, that is 18,828 parcels (See Appendix D for county parcel counts). Next factors two and four are considered. Fulton County is considered a strict regulatory county, and has zoning regulations and subdivision rules. Fulton County has an initial score of 30 percent based on these factors. Factor three is determined by the number of parcels in a county. Since Fulton County has over 60,000 parcels, it has a low scaling factor of ten. Dividing 30 percent by the scaling factor gives three percent. This represents the expected percent of new development in Fulton County that will generate claims under the proposed act in its first year. In Fulton County, the estimated number of claims brought under the proposed act is 565, three percent of 18,828.

The process is repeated for every county in Georgia. County values are summed giving a state value of 5,750 (See Appendix D). This is the number of claims that is expected to be generated from new development in Georgia in the first year if the proposed property rights law were in place.

The other source of claims under the act is existing property owners who modify the structures or uses of their property. Here the chances of litigation based on the proposed act are lower, because it is likely that the property may have vested rights or the current use is already allowed (Fishkind & Associates 1998). To account for the smaller chance of claims arising for this group, the scaling factor is reduced by a factor of ten. To calculate the number of expected claims from existing owners the average number of new sales is subtracted from the number of parcels in the county. The expected percent of claims is divided by the appropriate scaling factor times ten.

Again using Fulton County as an example, the number of parcels used to calculate the existing claims is 259,798. To figure the relevant percent of parcels that are expected to file a claim, 30 percent is divided by the new scaling factor of 100.

This gives 779 expected claims filed for existing property owners in Fulton County. Again the process is repeated for all the counties in the state. For Georgia, the total amount of claims based on modifications to existing structures or uses of property is 5,944 (See Appendix D).

Note that the number of potential claims under a property rights law will likely exceed the number of variances filed, due to the differences between the two procedures. Generally, a variance is granted at the discretion of the local government. While anyone may file for one, there is no criterion set out that if met would guarantee an applicant will receive the variance. A property rights statute creates a cause of action. If the property owner establishes the elements of the claim, an inordinate burden on the use of property due to a covered offending law, the government is obligated to pay damages.

A hypothetical example may be helpful to illustrate these differences. A developer purchases several adjoining parcels in a neighborhood zoned for single-family homes. He may seek a variance to put a 20-story apartment building on the recently purchased tracts. He would have little chance of getting such a variance as the use clearly is incompatible with the established zoning and local residents would oppose it. However, under a Harris Act style property rights statute, such a claim would have to be paid if the developer could establish the elements of the cause of action. He would need to show that the zoning regulation was covered under the act and its existence inordinately burdened his property because it prohibited him from erecting a 20-story apartment building. Local residents affected by a settlement waiving the zoning law or compensation to the developer would have little input in the process. The developer has a better chance of securing either permission to build the apartment building or compensation under a Harris Style property rights law than if he could only apply for a variance. This is because a Harris Act style property rights law lowers the standard to prove a regulatory taking and removes the local government discretion and public input present in a variance request. Thus, it is likely that the number of claims filed under such an act will exceed the number of variances traditionally requested. The next section estimates litigation expenses.

Litigation Expenses

The number of claims is one piece of the litigation cost estimate. The second is the total amount of litigation expenses generated from those claims. I adopt all the litigation expense estimates generated by the South Carolina panel described below in my estimate for Georgia.

The South Carolina panel estimated that most claims settle. The range of claims that are actually litigated was estimated to be between 10-50 percent. The estimated midpoint was set at 20 percent. Thus, the total number of claims litigated in Georgia would be 2,339 per year, twenty percent of the 11,694 total potential claims. The South Carolina panel estimated that attorneys, expert witnesses, and other costs of litigation would range between $5,000 and $100,000. The panel estimated the midpoint at $52,500.

The South Carolina panel estimated the amount of awards and the likelihood of a claimant prevailing. It assumed the landowner won half the time and the government the other half. The range of awards to the landowner was $1,000 to $100,000. The midpoint was estimated at $52,700.

The South Carolina bill allowed attorneys' fees to be awarded in certain special cases. The government would be liable to pay the claimants' attorneys fees if it did not submit a bona fide settlement offer within 180 days and the claimant eventually prevailed at trial. The South Carolina panel estimated that this would occur in ten percent of the cases. The landowner was liable for the government's attorney's fees if she refused to accept a bona fide settlement offer from the government and was awarded less than that offer after a trial. This was estimated to occur in one percent of the cases.

Total Expenses

Table 1 illustrates the first-year estimated cost to landowners as well as state and local governments in Georgia if the assumed property rights law is passed. (These figures are inflation adjusted to 2006 dollars; see Appendix E for a county breakdown). Due to the high cost of filing claims, as well as litigation costs, the landowners' estimated net cost would be roughly $159 million. The state and local

TABLE 1: ESTIMATED FIRST-YEAR COST TO GEORGIA OF PROPERTY RIGHTS REFORM STATUTE

Category	Amount*
Awards to Landowners	$75,981,319
Cost of Litigation Landowners	$151,385,931
Cost of Filing Claim Landowners	$90,110,673
Net Cost Landowners	$158,702,917
Net Cost Government	$279,955,839
Total Cost Georgia	$438,658,756

*Amounts are in 2006 dollars.

governments of Georgia would incur an estimated net cost of approximately $280 million to defend against these claims, as well as pay awards to landowners. The landowners' awards of approximately $76 million represent 27 percent of the state's total net cost. The annual costs to the state and claimants would likely diminish in subsequent years as the landowners and local governments adjusted to the new law. However, costs would still likely be substantial as new property owners and changing land use patterns combined to put economically viable uses and regulation in conflict.

Table 2 illustrates the first-year estimated cost to landowners and the state at the estimated lowest cost for the litigation expenses from Appendix A. Using these lower estimates the cost to the landowner for filing a claim would be $2,500. The cost to the government for a response would be $250. In addition, it would only cost $5,000 each for the government and the landowner to take the case to trial. Awards are kept the same, as there is no reason to believe the price of land has changed. In this scenario landowners have a net benefit of $26 million. State and local governments have a net cost of $95 million. The total cost to the state is $68 million. However, of the $76 million in awards to landowners, $50 million goes to filing and litigation costs.

TABLE 2: LOW FIRST-YEAR COST ESTIMATE OF PROPERTY RIGHTS REFORM STATUTE FOR GEORGIA

Category	Amount*
Awards to Landowners	$75,981,319
Cost of Litigation Landowners	$14,417,708
Cost of Filing Claim Landowners	$36,044,269
Net Cost Landowners	-$26,168,139
Net Cost Government	$94,652,251
Total Cost Georgia	$68,484,111

*Amounts are in 2006 dollars.

Depending on how the new Georgia law is written, the amount of litigation in the first year could mushroom as was anticipated in South Carolina or remain relatively unchanged as in Florida. As was earlier noted, Georgia falls between Florida and South Carolina for comprehensive planning. If the new law is prospective only, an area with lots of regulation may not issue many new laws and thus will generate few claims. This would follow the pattern in Florida which already had extensive planning and zoning in place and thus did not experience an upturn in litigation generated from the Harris Act.

In Georgia there are 12 counties with over 60,000 parcels and all these are in or near large metropolitan areas. While these counties are similar to Florida counties, in that they already have land use and planning statutes on the books, it is also possible that these large metropolitan counties could generate as much litigation as was anticipated in South Carolina. If Georgia were to treat any reauthorization or amendments to existing plans as new law under the act, then litigation would likely result. Also, if a new law was written to cover certain regulations retroactively, like Oregon's Measure 37, then it is likely that these 12 counties with the most parcels and regulations will generate the most litigation.

Georgia, like South Carolina, is also experiencing population growth, particularly in the suburban counties of large metropolitan areas such as Atlanta. Thus, Georgia's urban fringe counties may generate considerable litigation. Some of these counties are currently low-population low-density rural areas and are changing

to high population urban residential areas.[9] Managing the rapid growth in these fast growing counties will require changes in the land use and planning laws. These additional regulations would likely trigger litigation under a property rights law.

Even if Georgia does not generate as much litigation as the South Carolina estimate, the cost to the state would still not be nominal. If Georgia generates one-third fewer cases under the proposed new act as South Carolina, the cost to the state and claimants would still be $146 million for the first year under the normal litigation cost assumptions and $22 million for the first year using the low cost litigation estimate.

Another possible outcome of a property rights statute is a decline in new planning and zoning statutes. This would also have a cost, particularly if local residents would prefer planning and zoning, but local governments can't afford to pay claims. This is an area of future research.

[9] Wolf Creek Development in Carroll County is an example. In a plan submitted to the county, a timber company seeks to develop over 10,000 acres of forest land. The plan spans some 35 years and will eventually house an estimated 56,000 people.

IV. Eminent Domain Reform

The Supreme Courts ruling in *Kelo* was a rallying point for private property rights advocates. The case gave national attention to the abuses of eminent domain by local governments. Georgia responded by reforming its eminent domain statutes. Georgia's new eminent domain law protects private property owners from assertions of eminent domain strictly for economic development; however, exceptions are made for blighted areas. State utility companies still enjoy complete eminent domain powers. This section discusses the legislative history and some background information that motivated the consideration of eminent domain reform.

Eminent domain has its origins in the historical doctrine that the state is the ultimate sovereign authority over all land. Cities and counties and their designees wield the power of eminent domain by delegation from the state. The eminent domain doctrine allows an approved government entity or utility to assert this authority for public projects if just compensation is paid to the private owner. An additional modern rationale for the doctrine is that private property owners should not be able to hold back projects or force excessive costs on to the state for projects that benefit the public. In practice, eminent domain functions as a tool of last resort to keep necessary state and local projects going forward and on budget (Cooter and Ulen 2003). Most disputes regarding eminent domain are about the amount of just compensation (Southern Company 2006). Courts are used to settle these disputes over value.

V. The Kelo Case

The issue in the *Kelo* case was the requirement that local governments exercise the power of eminent domain for a public purpose. The basic facts of the case are as follows. Susette Kelo owned a house along a stretch of the Thames River in New London, Connecticut. The city of New London, in an attempt to bolster its sagging economic fortunes, compiled a comprehensive redevelopment plan for the Thames riverfront area that included public and private elements. The city planned to sell part of the land it condemned, including Susette Kelo's parcel, to undetermined private parties as per the plan. The issue was: Does the condemnation of nonblighted private property, that is to be sold to unknown private developers, in compliance with an economic development plan, fall under the public purpose doctrine? The Supreme Court held that such an exercise of eminent domain did satisfy the public purpose doctrine.[10]

In response to *Kelo*, forty-seven states considered reforming their eminent domain legislation. The reaction to *Kelo* by state legislatures is an attempt to prevent local governments from taking nonblighted private property for the stated public purpose of economic development and selling it to a private entity for private use. In Georgia the legislature passed several reforms to the State's eminent domain laws. The new law prohibits local governments from taking private property solely for economic development in nonblighted areas. These reforms also tightened the definition of blight, and shifted the burden of proof to the government to prove the property is blighted.

[10] It is beyond the scope of this report to discuss the legal merits of the case (see Adomeit 2005, Wiener 2005 for a summary).

VI. Fiscal Impact of Eminent Domain Law

The fiscal impact of the new eminent domain legislation in Georgia is likely to be small as it should not dramatically alter the use of eminent domain throughout the state. Local governments are still allowed to exercise eminent domain for slum and blighted property. Also, almost all the entities that had been given the power of eminent domain still retain it. In addition, Georgia is not a state that is perceived to abuse the power of eminent domain.

It is difficult to calculate the cost of eminent domain in Georgia. First, the power of eminent domain is vested in several governments and agencies including: the state, counties, cities and public utility companies. Second, the threat of eminent domain is often enough to coerce parties to sell without actually having to formally go through the eminent domain process. Georgia Power, Georgia's electric utility company, estimated that over the past five years less than three percent of all the property it acquired for line expansion, construction, etc., required using formal eminent domain (Southern Company 2006).

Georgia is also considered a model state in its use of eminent domain. In a study done by the Institute of Justice, an advocacy group for limiting the use of eminent domain, Georgia had no instances in which eminent domain was used to take private property for private gain in the period 1998-2002 (CastleCoalition 2006). On its most recent map, the advocacy group, Castle Keepers, lists the Stockbridge case as the sole incidence of a local government in Georgia using eminent domain for private gain.[11] Since local governments in Georgia did not abuse their powers of eminent domain in the past, it is likely that the current legislation will have very minor effects on government actions in the future. Thus, the fiscal cost to the state and local government of this reform is likely to be small.

The constitutional amendment that took the power of eminent domain from local housing authorities might have more fiscal impact on local governments. In the

[11] The City of Stockbridge, Georgia condemned eight parcels of property in August of 2005, for its town center project. The city intends to sell several of the condemned parcels to private developers. In the September of 2006, several of the condemned property owners filed suit contesting the use of eminent domain by the city. At trial, the city appraiser established that the properties were not blighted.

past, housing authorities had the power of eminent domain. They used this power to stitch together rundown housing and abandoned lots usually in low-income areas and to facilitate redevelopment. The power of eminent domain is useful to get clean title to and allow redevelopment of essentially abandoned property. The constitutional amendment requires that the authorities make their requests through the appropriate city council or county commission. This adds cost to the procedure and may impede the efforts of these authorities to clean up blighted areas. However, it is not likely to have a major impact on land use or local government planning (Peters 2006).

VII. Conclusion

While eminent domain is likely to have a minimal fiscal effect, regulatory takings reform has the potential to be very expensive for the state of Georgia. The estimated first-year cost to the state and claimants is $438 million. Even if litigation were not generated at the predicted rate, other harmful effects of a new takings law would still exist. Such a law would likely decrease local government's planning and zoning efforts, even if regulations were favored by the majority of the residents.

Georgia does face a policy problem, the residents of North Georgia are being asked to bear an ever-increasing burden to maintain the integrity of the states water supply. Solutions exist for North Georgia's residents. However, a property rights statute is a very blunt instrument for dealing with this issue and would likely have many unintended negative statewide consequences. In Oregon, Measure 37 was marketed as a way to allow rural landowners to build homes for themselves and their families. However, once the measure passed, it opened the door for a host of unintended costs, consequences, and beneficiaries. Additional policy options to try to solve this tug of war over water and property rights in North Georgia will be a topic of future research.

The eminent domain reforms are likely to have a small fiscal effect on Georgia. Georgia was not considered a state in which the power of eminent domain was abused, thus local governments will likely adapt to the state's new guidelines.

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Appendix A

Notification Costs 1998		**Low**	**High**
Appraisal		$2,000	$20,000
Attorney's Fees		$500	$10,000
Other experts		$0	$20,000
Other costs		$0	$10,000
Total		$2,500	$60,000
Midpoint	$6,250		

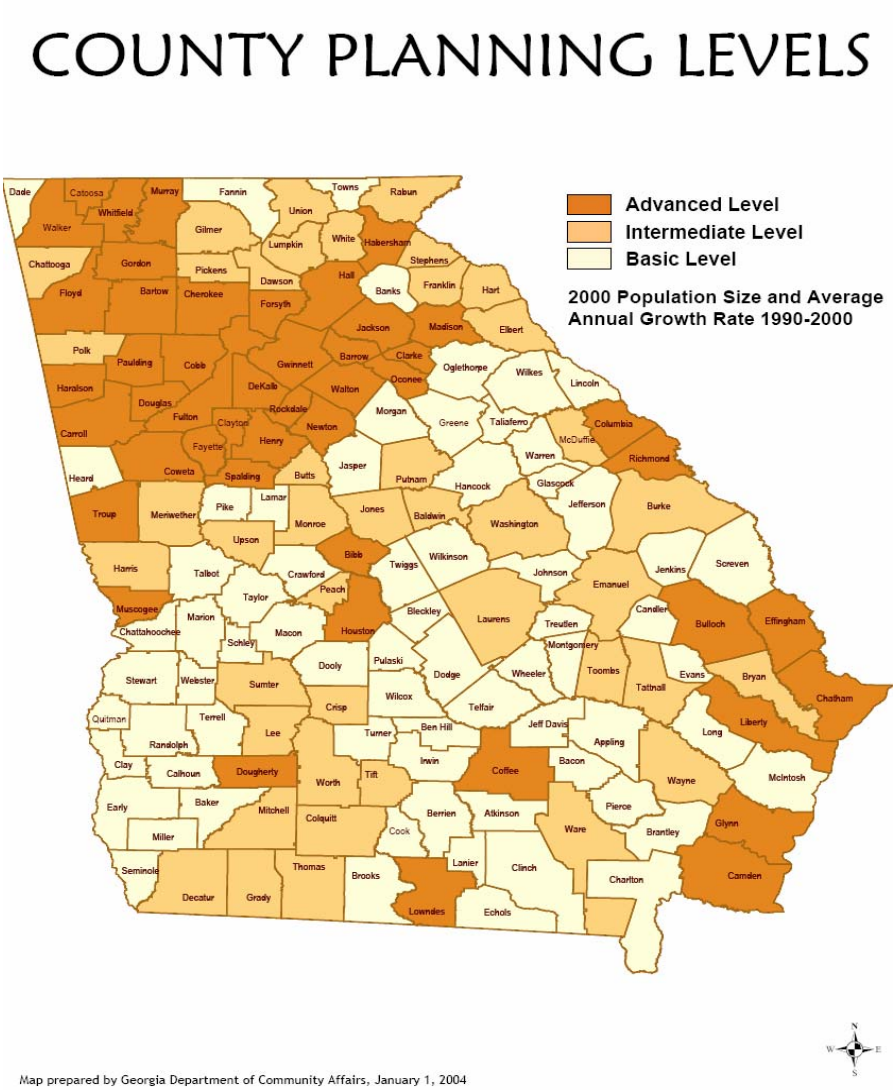
Gov. Cost for Claim 1998		**Low**	**High**
Notice of claim		$50	$500
Written offer		$100	$1,000
Appraisal		$0	$10,000
Other costs		$0	$10,000
Additional staff time		$100	$10,000
Total		$250	$31,500
Midpoint	$3,175		

		Low	**High**
Litigation Costs 1998		$5,000	$100,000
Midpoint	$52,500		
Awards 1998		$1,000	$100,000
Midpoint	$52,700		

Appendix B

To estimate a reasonable number for potential new yearly sales for Georgia, I obtained the 2003, 2004 and 2005 sales ratios studies form the Georgia State Auditors Office. The sales ratio study for each county lists the number of real-estate transactions per year by class: residential, agricultural, commercial, and industrial. The new sales figures used in this report include all four categories. If the county had more than 1,000 residential transactions in a given year, the ratio study only sampled 20 percent of them. Thus any figures of a 1,000 or more were multiplied by five. Some counties were on the border and were very close to 1,000 residential transactions. By looking at the data over the three years, I determined whether it had less than 1,000 transactions or whether it had several thousand transactions. Only Thomas County ended up having to be adjusted while listing less than 1,000 transactions.

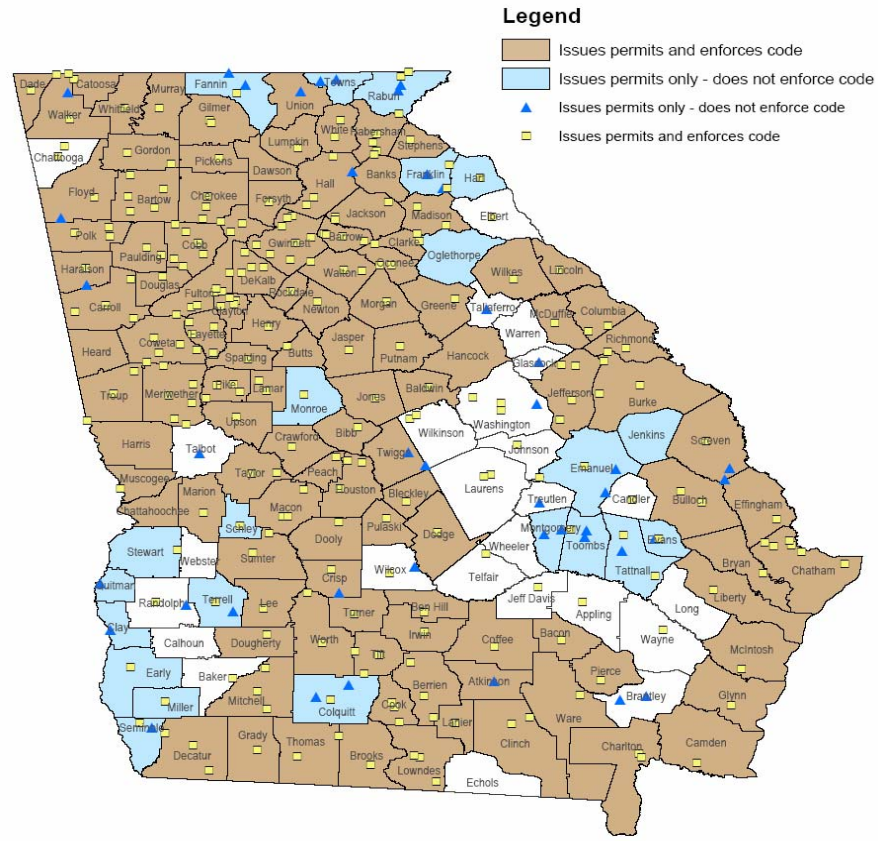
Appendix C. County Planning Levels Map



Map prepared by Georgia Department of Community Affairs, January 1, 2004

County Construction Codes

Construction Codes in Georgia



Map prepared by the Georgia Department of Community Affairs, 2004

APPENDIX D: ESTIMATED PER COUNTY CLAIMS DUE TO A HARRIS ACT STYLE PROPERTY RIGHTS STATUTE IN GEORGIA

County	Number of Parcels	Home Sales Avg. 03-05	Planning Level	Code Enforced	Zoning Code	Subdiv Regs	Chance of Litigation	Newly Sold Home Claims	Existing Home Claims
Appling	10,723	185.7	1	1	0	0	0%	0.00	0.00
Atkinson	3,903	95.7	1	3	0	1	20%	0.19	0.76
Bacon	6,049	98.0	1	3	0	0	10%	0.10	0.60
Baker	2,433	52.7	1	1	0	1	10%	0.05	0.24
Baldwin	18,848	492.0	2	3	1	1	30%	1.48	5.51
Banks	7,997	248.0	1	3	1	1	30%	0.74	2.32
Barrow	24,273	5126.7	3	3	1	1	30%	15.38	5.74
Bartow	37,085	4802.7	3	3	1	1	150%	72.04	48.42
Ben Hill	9,969	210.7	1	3	1	1	30%	0.63	2.93
Berrien	9,467	227.0	1	3	1	1	30%	0.68	2.77
Bibb	65,067	5430.0	3	3	1	1	300%	162.90	178.91
Bleckley	6003	137.7	1	3	0	1	20%	0.28	1.17
Brantley	9,249	202.0	1	1	0	0	0%	0.00	0.00
Brooks	9,930	172.3	1	3	1	1	30%	0.52	2.93
Bryan	13,105	783.0	2	3	1	1	30%	2.35	3.70
Bulloch	25,586	701.7	3	3	1	1	30%	2.11	7.47
Burke	15,175	214.7	2	3	0	1	20%	0.43	2.99
Butts	11,728	385.0	2	3	1	1	30%	1.16	3.40
Calhoun	3,695	67.0	1	1	0	0	0%	0.00	0.00
Camden	22,154	4947.3	3	3	1	1	30%	14.84	5.16
Candler	6,481	129.7	1	1	0	1	10%	0.13	0.64
Carroll	48,601	5024.3	3	3	1	1	150%	75.37	65.37
Catoosa	24,844	4500.3	3	3	1	1	30%	13.50	6.10
Charlton	6,743	134.3	1	3	0	0	10%	0.13	0.66
Chatham	92,808	7812.0	3	3	1	1	300%	234.36	254.99
Chattahoochee	1,677	58.0	1	3	0	0	10%	0.06	0.16
Chattooga	14,018	246.7	2	1	0	0	0%	0.00	0.00
Cherokee	74,998	9222.3	3	3	1	1	300%	276.67	197.33
Clarke	34,492	5011.0	3	3	1	1	150%	75.17	44.22
Clay	2,963	61.7	1	2	1	1	25%	0.15	0.73

County planning levels: Basic = 1; Intermediate = 2; Advanced = 3

County Code enforcement: Neither issue nor enforce = 1; Issue permits = 2; Issue and enforce = 3

Appendix D continues next page...

APPENDIX D (CONTINUED): ESTIMATED PER COUNTY CLAIMS DUE TO A HARRIS ACT STYLE PROPERTY RIGHTS STATUTE IN GEORGIA

County	Number of Parcels	Home Sales Avg. 03-05	Planning Level	Code Enforced	Zoning Code	Subdiv Regs	Chance of Litigation	Newly Sold Home Claims	Existing Home Claims
Clayton	78,408	8870.3	3	3	1	1	300%	266.11	208.61
Clinch	3,821	89.0	1	3	1	0	20%	0.18	0.75
Cobb	223,877	18330.3	3	3	1	1	300%	549.91	616.64
Coffee	17,432	421.0	3	3	1	1	30%	1.26	5.10
Colquitt	20,217	350.7	2	2	1	1	25%	0.88	4.97
Columbia	41,150	6345.3	3	3	1	1	150%	95.18	52.21
Cook	9,343	189.3	1	3	1	1	30%	0.57	2.75
Coweta	48,013	6183.0	3	3	1	1	150%	92.75	62.75
Crawford	7,895	137.0	1	3	0	0	10%	0.14	0.78
Crisp	12,104	245.3	2	3	1	1	30%	0.74	3.56
Dade	8,233	222.7	1	3	0	0	10%	0.22	0.80
Dawson	12,375	607.3	2	3	1	1	30%	1.82	3.53
Decatur	17,559	333.3	2	3	0	1	20%	0.67	3.45
DeKalb	212,549	15053.7	3	3	1	1	300%	451.61	592.49
Dodge	10,280	184.3	1	3	0	0	10%	0.18	1.01
Dooly	7,127	111.3	1	3	1	0	20%	0.22	1.40
Dougherty	37,383	828.3	3	3	1	1	150%	12.43	54.83
Douglas	43,190	6228.0	3	3	1	1	150%	93.42	55.44
Early	8,131	110.3	1	2	0	1	15%	0.17	1.20
Echols	1,903	50.3	1	1	0	0	0%	0.00	0.00
Effingham	20,239	3996.7	3	3	1	1	30%	11.99	4.87
Elbert	12,344	240.0	2	1	0	1	10%	0.24	1.21
Emanuel	14,017	183.3	2	2	0	1	15%	0.28	2.08
Evans	6,084	113.3	1	2	0	1	15%	0.17	0.90
Fannin	22,702	3514.0	1	2	0	1	15%	5.27	2.88
Fayette	38,524	5897.3	3	3	1	1	150%	88.46	48.94
Floyd	54,841	4269.0	3	3	1	1	150%	64.04	75.86
Forsyth	55,614	8153.7	3	3	1	1	150%	122.31	71.19
Franklin	14,604	241.0	2	2	0	1	15%	0.36	2.15
Fulton	278,626	18827.7	3	3	1	1	300%	564.83	779.40
Gilmer	31,185	3225.7	2	3	1	1	150%	48.39	41.94
Glascock	2,001	64.7	1	1	1	0	10%	0.06	0.19
Glynn	39,812	5542.5	3	3	1	1	150%	83.14	51.40

Appendix D continues next page...

APPENDIX D (CONTINUED): ESTIMATED PER COUNTY CLAIMS DUE TO A HARRIS ACT STYLE PROPERTY RIGHTS STATUTE IN GEORGIA

County	Number of Parcels	Home sales Avg. 03-05	Planning Level	Code Enforced	Zoning Code	Subdiv Regs	Chance of Litigation	Newly Sold Home Claims	Existing Home Claims
Gordon	25,094	767.7	3	3	1	1	30%	2.30	7.30
Grady	12,230	242.0	2	3	0	1	20%	0.48	2.40
Greene	12,919	458.0	1	3	1	1	30%	1.37	3.74
Gwinnett	271,666	23846.0	3	3	1	1	300%	715.38	743.46
Habersham	19,612	637.0	3	3	1	1	30%	1.91	5.69
Hall	65,197	6380.0	3	3	1	1	300%	191.40	176.45
Hancock	10,424	158.3	1	3	1	1	30%	0.48	3.08
Haralson	15,552	343.7	3	3	1	1	30%	1.03	4.56
Harris	17,317	692.0	2	3	1	1	30%	2.08	4.99
Hart	16,888	329.0	2	2	0	1	15%	0.49	2.48
Heard	6,551	124.0	1	3	1	1	30%	0.37	1.93
Henry	66,065	9114.7	3	3	1	1	300%	273.44	170.85
Houston	45,329	6098.3	3	3	1	1	150%	91.48	58.85
Irwin	5,761	110.0	1	3	1	0	20%	0.22	1.13
Jackson	23,345	4610.0	3	3	1	1	30%	13.83	5.62
Jasper	9,434	343.0	1	3	0	0	10%	0.34	0.91
Jeff Davis	7,098	152.3	1	1	0	0	0%	0.00	0.00
Jefferson	13,136	155.7	1	3	1	1	30%	0.47	3.89
Jenkins	6,193	62.0	1	2	0	1	15%	0.09	0.92
Johnson	5,210	81.0	1	1	0	0	0%	0.00	0.00
Jones	14,217	446.3	2	3	1	1	30%	1.34	4.13
Lamar	8,525	243.7	1	3	1	1	30%	0.73	2.48
Lanier	4,463	112.3	1	3	1	1	30%	0.34	1.31
Laurens	28,907	503.7	2	1	0	1	10%	0.50	2.84
Lee	11,222	643.0	2	3	1	1	30%	1.93	3.17
Liberty	22,105	919.5	3	3	1	1	30%	2.76	6.36
Lincoln	7,519	159.3	1	3	1	0	20%	0.32	1.47
Long	4,975	116.3	1	1	0	1	10%	0.12	0.49
Lowndes	38,966	4957.7	3	3	1	1	150%	74.37	51.01
Lumpkin	13,966	451.0	2	3	0	1	20%	0.90	2.70
Macon	8,336	108.7	1	3	1	1	30%	0.33	2.47
Madison	14,571	322.7	3	3	1	1	30%	0.97	4.27
Marion	5,184	96.7	1	3	1	1	30%	0.29	1.53

Appendix D continues next page...

APPENDIX D (CONTINUED): ESTIMATED PER COUNTY CLAIMS DUE TO A HARRIS ACT STYLE PROPERTY RIGHTS STATUTE IN GEORGIA

County	Number of Parcels	Home Sales Avg. 03-05	Planning Level	Code Enforced	Zoning Code	Subdiv Regs	Chance of Litigation	Newly Sold Home Claims	Existing Home Claims
McDuffie	11,593	236.0	2	3	1	1	30%	0.71	3.41
McIntosh	11,129	388.3	1	3	0	0	10%	0.39	1.07
Meriwether	15,434	275.3	2	3	1	1	30%	0.83	4.55
Miller	3,589	73.0	1	2	0	0	5%	0.04	0.18
Mitchell	11,338	191.0	2	3	1	1	30%	0.57	3.34
Monroe	13,641	482.0	2	2	1	1	25%	1.21	3.29
Montgomery	5,517	102.7	1	2	0	0	5%	0.05	0.27
Morgan	10,166	308.0	1	3	1	1	30%	0.92	2.96
Murray	16,484	413.0	3	3	1	1	30%	1.24	4.82
Muscogee	146,886	5991.3	3	3	1	1	300%	179.74	422.68
Newton	36,187	5886.7	3	3	1	1	150%	88.30	45.45
Oconnee	13,299	668.3	3	3	1	1	30%	2.01	3.79
Oglethorp	8,586	202.7	1	2	1	1	25%	0.51	2.10
Paulding	46,049	7176.0	3	3	1	1	150%	107.64	58.31
Peach	11,947	335.3	2	3	1	1	30%	1.01	3.48
Pickens	18,751	673.3	2	3	1	1	30%	2.02	5.42
Pierce	10,804	240.0	1	3	1	1	30%	0.72	3.17
Pike	8,381	306.7	1	3	1	1	30%	0.92	2.42
Polk	21,306	497.3	2	3	1	1	30%	1.49	6.24
Pulaski	5,627	129.7	1	3	0	0	10%	0.13	0.55
Putnam	16,648	447.3	2	3	1	1	30%	1.34	4.86
Quitman	3,288	77.3	1	2	0	1	15%	0.12	0.48
Rabun	15,836	470.3	2	2	1	1	25%	1.18	3.84
Randolph	5,313	87.7	1	1	0	0	0%	0.00	0.00
Richmond	73,490	5478.7	3	3	1	1	300%	164.36	204.03
Rockdale	30,196	5157.3	3	3	1	1	150%	77.36	37.56
Schley	2,538	90.0	1	2	0	1	15%	0.14	0.37
Screven	10,424	146.7	1	3	1	1	30%	0.44	3.08
Seminole	7,902	169.7	1	2	1	1	25%	0.42	1.93
Spalding	27,257	836.7	3	3	1	1	30%	2.51	7.93
Stephens	16,524	339.3	2	3	0	1	20%	0.68	3.24

Appendix D continues next page...

APPENDIX D (CONTINUED): ESTIMATED PER COUNTY CLAIMS DUE TO A HARRIS ACT STYLE PROPERTY RIGHTS STATUTE IN GEORGIA

County	Number of Parcels	Home Sales Avg. 03-05	Planning Level	Code Enforced	Zoning Code	Subdiv Regs	Chance of Litigation	Newly Sold Home Claims	Existing Home Claims
Stewart	3,778	71.3	1	2	1	0	15%	0.11	0.56
Sumter	16,967	343.0	2	3	1	1	30%	1.03	4.99
Talbot	6,822	114.3	1	1	1	1	20%	0.23	1.34
Taliafero	2,108	55.7	1	1	1	0	10%	0.06	0.21
Tattnall	11,634	176.3	2	2	0	0	5%	0.09	0.57
Taylor	5,461	104.3	1	3	1	1	30%	0.31	1.61
Telfair	7,751	109.3	1	1	0	0	0%	0.00	0.00
Terrell	6,211	111.3	1	3	1	1	30%	0.33	1.83
Thomas	21,747	2185.3	2	3	1	1	30%	6.56	5.87
Tift	17,631	398.7	2	3	1	1	30%	1.20	5.17
Toombs	14,823	289.0	2	2	0	0	5%	0.14	0.73
Towns	11,953	473.0	1	2	1	1	25%	1.18	2.87
Treutlen	3,975	70.0	1	1	0	0	0%	0.00	0.00
Troup	32,195	838.7	3	3	1	1	150%	12.58	47.03
Turner	5,398	101.0	1	3	1	1	30%	0.30	1.59
Twiggs	6,701	89.5	1	3	1	1	30%	0.27	1.98
Union	19,287	3774.0	2	3	0	1	20%	7.55	3.10
Upson	14,868	340.3	2	3	1	1	30%	1.02	4.36
Walker	31,078	3978.7	3	3	1	0	100%	39.79	27.10
Walton	31,941	4906.7	3	3	1	1	150%	73.60	40.55
Ware	21,756	349.3	2	3	1	1	30%	1.05	6.42
Warren	4,518	80.3	1	1	0	0	0%	0.00	0.00
Washington	999	171.0	2	1	0	0	0%	0.00	0.00
Wayne	15,665	375.3	3	1	0	1	10%	0.38	1.53
Webster	1,705	55.0	1	1	0	0	0%	0.00	0.00
Wheeler	3,853	68.3	1	1	0	0	0%	0.00	0.00
White	17,129	2627.3	2	3	0	1	20%	5.25	2.90
Whitfield	36,375	4372.3	3	3	1	1	150%	65.59	48.00
Wilcox	4,946	84.0	1	1	0	0	0%	0.00	0.00
Wilkes	8,229	121.0	1	3	1	1	30%	0.36	2.43
Wilkinson	7,562	100.7	1	1	0	0	0%	0.00	0.00
Worth	12,067	199.7	2	3	1	1	30%	0.60	3.56
							TOTAL	*5750*	*5944*

APPENDIX E: ESTIMATED PER COUNTY COST OF HARRIS ACT STYLE PROPERTY RIGHTS STATUTE IN GEORGIA

County	Cost Gov. @ $3,175	Cost Claimant @ $6,250	Litigation Costs $52,500 Each	Award Claimant 50% @ $52,700	Gov. Pays Costs 10% @ $52,500	Claimant Pays Gov. costs	Net Cost Claimants	Net Cost Gov.
Appling	$0	$0	$0	$0	$0	$0	$0	$0
Atkinson	$3,025	$5,955	$10,004	$5,021	$500	$50	$10,488	$18,501
Bacon	$2,201	$4,332	$7,278	$3,653	$364	$36	$7,629	$13,458
Baker	$923	$1,817	$3,052	$1,532	$153	$15	$3,200	$5,645
Baldwin	$22,170	$43,643	$73,319	$36,799	$3,666	$367	$76,863	$135,589
Banks	$9,743	$19,179	$32,221	$16,172	$1,611	$161	$33,779	$59,586
Barrow	$67,068	$132,024	$221,801	$111,323	$11,090	$1,109	$232,521	$410,173
Bartow	$382,472	$752,897	$1,264,867	$634,843	$63,243	$6,324	$1,326,002	$2,339,100
Ben Hill	$11,301	$22,247	$37,375	$18,759	$1,869	$187	$39,181	$69,117
Berrien	$10,963	$21,581	$36,257	$18,197	$1,813	$181	$38,009	$67,049
Bibb	$1,085,250	$2,136,319	$3,589,016	$1,801,344	$179,451	$17,945	$3,762,485	$6,637,115
Bleckley	$4,599	$9,053	$15,208	$7,633	$760	$76	$15,943	$28,124
Brantley	$0	$0	$0	$0	$0	$0	$0	$0
Brooks	$10,936	$21,527	$36,165	$18,151	$1,808	$181	$37,913	$66,880
Bryan	$19,195	$37,785	$63,479	$31,860	$3,174	$317	$66,547	$117,390
Bulloch	$30,386	$59,814	$100,488	$50,435	$5,024	$502	$105,345	$185,831
Burke	$10,863	$21,384	$35,925	$18,031	$1,796	$180	$37,661	$66,435
Butts	$14,471	$28,487	$47,858	$24,020	$2,393	$239	$50,171	$88,503
Calhoun	$0	$0	$0	$0	$0	$0	$0	$0
Camden	$63,513	$125,025	$210,042	$105,421	$10,502	$1,050	$220,194	$388,428
Candler	$2,428	$4,780	$8,030	$4,030	$402	$40	$8,419	$14,851
Carroll	$446,818	$879,563	$1,477,665	$741,647	$73,883	$7,388	$1,549,085	$2,732,625
Catoosa	$62,243	$122,526	$205,843	$103,314	$10,292	$1,029	$215,792	$380,663
Charlton	$2,525	$4,970	$8,350	$4,191	$417	$42	$8,753	$15,441
Chatham	$1,553,680	$3,058,425	$5,138,154	$2,578,864	$256,908	$25,691	$5,386,498	$9,501,915
Chattahoochee	$698	$1,374	$2,309	$1,159	$115	$12	$2,421	$4,270
Chattooga	$0	$0	$0	$0	$0	$0	$0	$0
Cherokee	$1,504,940	$2,962,481	$4,976,969	$2,497,964	$248,848	$24,885	$5,217,522	$9,203,837
Clarke	$379,052	$746,166	$1,253,558	$629,167	$62,678	$6,268	$1,314,147	$2,318,187
Clay	$2,792	$5,497	$9,235	$4,635	$462	$46	$9,681	$17,078
Clayton	$1,507,246	$2,967,019	$4,984,592	$2,501,790	$249,230	$24,923	$5,225,513	$9,217,934

Appendix E continues next page...

APPENDIX E (CONTINUED): ESTIMATED PER COUNTY COST OF HARRIS ACT STYLE PROPERTY RIGHTS STATUTE IN GEORGIA

County	Cost Gov. @ $3,175	Cost Claimant @ $6,250	Litigation Costs $52,500 Each	Award Claimant 50% @ $52,700	Gov. Pays Costs 10% @ $52,500	Claimant Pays Gov. Costs	Net Cost Claimants	Net Cost Gov.
Clinch	$2,935	$5,778	$9,706	$4,872	$485	$49	$10,175	$17,950
Cobb	$3,703,796	$7,290,938	$12,248,775	$6,147,719	$612,439	$61,244	$12,840,799	$22,651,485
Coffee	$20,213	$39,789	$66,846	$33,550	$3,342	$334	$70,077	$123,618
Colquitt	$18,552	$36,520	$61,354	$30,794	$3,068	$307	$64,320	$113,461
Columbia	$467,954	$921,169	$1,547,564	$776,729	$77,378	$7,738	$1,622,362	$2,861,887
Cook	$10,522	$20,713	$34,798	$17,465	$1,740	$174	$36,480	$64,352
Coweta	$493,681	$971,813	$1,632,645	$819,432	$81,632	$8,163	$1,711,556	$3,019,227
Crawford	$2,898	$5,705	$9,584	$4,810	$479	$48	$10,048	$17,724
Crisp	$13,632	$26,835	$45,083	$22,627	$2,254	$225	$47,262	$83,371
Dade	$3,250	$6,398	$10,749	$5,395	$537	$54	$11,268	$19,878
Dawson	$16,994	$33,452	$56,199	$28,207	$2,810	$281	$58,915	$103,928
Decatur	$13,055	$25,699	$43,174	$21,669	$2,159	$216	$45,261	$79,841
DeKalb	$3,315,005	$6,525,600	$10,963,008	$5,502,386	$548,150	$54,815	$11,492,887	$20,273,734
Dodge	$3,791	$7,462	$12,536	$6,292	$627	$63	$13,142	$23,183
Dooly	$5,162	$10,161	$17,071	$8,568	$854	$85	$17,896	$31,569
Dougherty	$213,541	$420,356	$706,199	$354,444	$35,310	$3,531	$740,331	$1,305,963
Douglas	$472,640	$930,394	$1,563,062	$784,508	$78,153	$7,815	$1,638,609	$2,890,547
Early	$4,345	$8,554	$14,370	$7,213	$719	$72	$15,065	$26,575
Echols	$0	$0	$0	$0	$0	$0	$0	$0
Effingham	$53,539	$105,392	$177,058	$88,866	$8,853	$885	$185,616	$327,431
Elbert	$4,605	$9,065	$15,229	$7,644	$761	$76	$15,965	$28,163
Emanuel	$7,461	$14,688	$24,676	$12,385	$1,234	$123	$25,868	$45,632
Evans	$3,383	$6,660	$11,189	$5,616	$559	$56	$11,730	$20,691
Fannin	$25,874	$50,933	$85,567	$42,946	$4,278	$428	$89,702	$158,237
Fayette	$436,245	$858,750	$1,442,700	$724,098	$72,135	$7,214	$1,512,431	$2,667,965
Floyd	$444,160	$874,331	$1,468,877	$737,236	$73,444	$7,344	$1,539,872	$2,716,372
Forsyth	$614,348	$1,209,347	$2,031,703	$1,019,721	$101,585	$10,159	$2,129,902	$3,757,199
Franklin	$7,988	$15,725	$26,417	$13,259	$1,321	$132	$27,694	$48,853
Fulton	$4,267,914	$8,401,406	$14,114,363	$7,084,066	$705,718	$70,572	$14,796,557	$26,101,489
Gilmer	$286,779	$564,525	$948,402	$476,007	$47,420	$4,742	$994,241	$1,753,866
Glascock	$820	$1,614	$2,712	$1,361	$136	$14	$2,843	$5,016
Glynn	$427,170	$840,886	$1,412,688	$709,035	$70,634	$7,063	$1,480,968	$2,612,464
Gordon	$30,483	$60,006	$100,809	$50,597	$5,040	$504	$105,682	$186,425

Appendix E continues next page...

APPENDIX E (CONTINUED): ESTIMATED PER COUNTY COST OF HARRIS ACT STYLE PROPERTY RIGHTS STATUTE IN GEORGIA

County	@ $3,175	Cost Claimant @ $6,250	Litigation Costs $52,500 Each	Award Claimant 50% @ $52,700	Gov. Pays Costs 10% @ $52,500	Claimant Pays Gov. Costs	Net Cost Claimants	Net Cost Gov.
Grady	$9,149	$18,010	$30,257	$15,186	$1,513	$151	$31,719	$55,953
Greene	$16,232	$31,952	$53,679	$26,942	$2,684	$268	$56,274	$99,268
Gwinnett	$4,631,817	$9,117,750	$15,317,820	$7,688,087	$765,891	$76,589	$16,058,181	$28,327,026
Habersham	$24,141	$47,522	$79,837	$40,070	$3,992	$399	$83,696	$147,641
Hall	$1,167,927	$2,299,069	$3,862,436	$1,938,575	$193,122	$19,312	$4,049,120	$7,142,747
Hancock	$11,286	$22,217	$37,324	$18,733	$1,866	$187	$39,128	$69,023
Haralson	$17,759	$34,959	$58,732	$29,478	$2,937	$294	$61,570	$108,612
Harris	$22,427	$44,147	$74,167	$37,225	$3,708	$371	$77,751	$137,156
Hart	$9,453	$18,608	$31,262	$15,691	$1,563	$156	$32,773	$57,813
Heard	$7,303	$14,376	$24,151	$12,122	$1,208	$121	$25,318	$44,662
Henry	$1,410,624	$2,776,819	$4,665,056	$2,341,414	$233,253	$23,325	$4,890,533	$8,627,020
Houston	$477,269	$939,506	$1,578,371	$792,192	$78,919	$7,892	$1,654,658	$2,918,858
Irwin	$4,287	$8,439	$14,177	$7,116	$709	$71	$14,862	$26,218
Jackson	$61,755	$121,566	$204,230	$102,504	$10,212	$1,021	$214,101	$377,680
Jasper	$3,975	$7,826	$13,147	$6,599	$657	$66	$13,782	$24,313
Jeff Davis	$0	$0	$0	$0	$0	$0	$0	$0
Jefferson	$13,846	$27,257	$45,792	$22,983	$2,290	$229	$48,005	$84,682
Jenkins	$3,215	$6,329	$10,633	$5,337	$532	$53	$11,147	$19,663
Johnson	$0	$0	$0	$0	$0	$0	$0	$0
Jones	$17,368	$34,189	$57,437	$28,828	$2,872	$287	$60,213	$106,218
Lamar	$10,209	$20,096	$33,762	$16,945	$1,688	$169	$35,394	$62,435
Lanier	$5,214	$10,264	$17,243	$8,654	$862	$86	$18,077	$31,887
Laurens	$10,617	$20,900	$35,112	$17,623	$1,756	$176	$36,809	$64,932
Lee	$16,201	$31,892	$53,578	$26,891	$2,679	$268	$56,168	$99,082
Liberty	$28,937	$56,963	$95,699	$48,032	$4,785	$478	$100,324	$176,974
Lincoln	$5,685	$11,191	$18,801	$9,436	$940	$94	$19,710	$34,769
Long	$1,912	$3,764	$6,323	$3,174	$316	$32	$6,629	$11,693
Lowndes	$398,074	$783,609	$1,316,464	$660,739	$65,823	$6,582	$1,380,093	$2,434,518
Lumpkin	$11,446	$22,531	$37,853	$18,998	$1,893	$189	$39,682	$70,000
Macon	$8,872	$17,464	$29,339	$14,725	$1,467	$147	$30,757	$54,256
Madison	$16,645	$32,766	$55,046	$27,628	$2,752	$275	$57,707	$101,796
Marion	$5,766	$11,351	$19,070	$9,571	$954	$95	$19,992	$35,266
McDuffie	$13,065	$25,719	$43,209	$21,687	$2,160	$216	$45,297	$79,905

Appendix E continues next page...

APPENDIX E (CONTINUED): ESTIMATED PER COUNTY COST OF HARRIS ACT STYLE PROPERTY RIGHTS STATUTE IN GEORGIA

County	Cost Gov. @ $3,175	Cost Claimant @ $6,250	Litigation Costs $52,500 Each	Award Claimant 50% @ $52,700	Gov. Pays Costs 10% @ $52,500	Claimant Pays Gov. Costs	Net Cost Claimants	Net Cost Gov.
McIntosh	$4,643	$9,140	$15,355	$7,707	$768	$77	$16,097	$28,396
Meriwether	$17,061	$33,585	$56,423	$28,319	$2,821	$282	$59,150	$104,342
Miller	$674	$1,327	$2,229	$1,119	$111	$11	$2,337	$4,122
Mitchell	$12,437	$24,482	$41,130	$20,643	$2,056	$206	$43,117	$76,060
Monroe	$14,271	$28,092	$47,195	$23,687	$2,360	$236	$49,476	$87,277
Montgomery	$1,023	$2,013	$3,382	$1,697	$169	$17	$3,545	$6,253
Morgan	$12,323	$24,259	$40,755	$20,455	$2,038	$204	$42,725	$75,367
Murray	$19,241	$37,877	$63,633	$31,938	$3,182	$318	$66,709	$117,676
Muscogee	$1,912,696	$3,765,150	$6,325,452	$3,174,774	$316,273	$31,627	$6,631,182	$11,697,568
Newton	$424,658	$835,941	$1,404,380	$704,865	$70,219	$7,022	$1,472,259	$2,597,100
Oconnee	$18,397	$36,214	$60,839	$30,535	$3,042	$304	$63,780	$112,509
Oglethorp	$8,263	$16,266	$27,326	$13,715	$1,366	$137	$28,647	$50,534
Paulding	$526,890	$1,037,184	$1,742,470	$874,554	$87,123	$8,712	$1,826,689	$3,222,324
Peach	$14,254	$28,059	$47,140	$23,660	$2,357	$236	$49,418	$87,175
Pickens	$23,632	$46,521	$78,155	$39,226	$3,908	$391	$81,932	$144,530
Pierce	$12,348	$24,308	$40,837	$20,496	$2,042	$204	$42,810	$75,519
Pike	$10,612	$20,889	$35,094	$17,614	$1,755	$175	$36,790	$64,899
Polk	$24,557	$48,341	$81,213	$40,761	$4,061	$406	$85,139	$150,187
Pulaski	$2,157	$4,246	$7,134	$3,580	$357	$36	$7,478	$13,192
Putnam	$19,692	$38,764	$65,123	$32,686	$3,256	$326	$68,271	$120,431
Quitman	$1,897	$3,735	$6,275	$3,149	$314	$31	$6,578	$11,604
Rabun	$15,930	$31,358	$52,681	$26,441	$2,634	$263	$55,227	$97,422
Randolph	$0	$0	$0	$0	$0	$0	$0	$0
Richmond	$1,169,651	$2,302,463	$3,868,137	$1,941,436	$193,407	$19,341	$4,055,097	$7,153,290
Rockdale	$364,865	$718,238	$1,206,639	$605,618	$60,332	$6,033	$1,264,960	$2,231,420
Schley	$1,594	$3,139	$5,273	$2,647	$264	$26	$5,528	$9,751
Screven	$11,186	$22,020	$36,994	$18,567	$1,850	$185	$38,782	$68,412
Seminole	$7,484	$14,733	$24,751	$12,423	$1,238	$124	$25,947	$45,772
Spalding	$33,135	$65,226	$109,579	$54,998	$5,479	$548	$114,875	$202,643
Stephens	$12,432	$24,473	$41,114	$20,635	$2,056	$206	$43,101	$76,031
Stewart	$2,105	$4,144	$6,962	$3,494	$348	$35	$7,298	$12,874
Sumter	$19,101	$37,601	$63,170	$31,705	$3,159	$316	$66,223	$116,820
Talbot	$4,985	$9,814	$16,487	$8,275	$824	$82	$17,284	$30,489

Appendix E continues next page...

APPENDIX E (CONTINUED): ESTIMATED PER COUNTY COST OF HARRIS ACT STYLE PROPERTY RIGHTS STATUTE IN GEORGIA

County	Cost Gov. @ $3,175	Cost Claimant @ $6,250	Litigation Costs $52,500 Each	Award Claimant 50% @ $52,700	Gov. Pays Costs 10% @ $52,500	Claimant Pays Gov. Costs	Net Cost Claimants	Net Cost Gov.
Taliafero	$828	$1,631	$2,739	$1,375	$137	$14	$2,872	$5,066
Tattnall	$2,099	$4,132	$6,941	$3,484	$347	$35	$7,277	$12,836
Taylor	$6,096	$12,000	$20,160	$10,118	$1,008	$101	$21,134	$37,282
Telfair	$0	$0	$0	$0	$0	$0	$0	$0
Terrell	$6,870	$13,524	$22,721	$11,404	$1,136	$114	$23,819	$42,018
Thomas	$39,448	$77,653	$130,457	$65,477	$6,523	$652	$136,763	$241,253
Tift	$20,211	$39,786	$66,840	$33,547	$3,342	$334	$70,070	$123,606
Toombs	$2,766	$5,445	$9,148	$4,591	$457	$46	$9,590	$16,917
Towns	$12,867	$25,328	$42,551	$21,357	$2,128	$213	$44,608	$78,689
Treutlen	$0	$0	$0	$0	$0	$0	$0	$0
Troup	$189,276	$372,591	$625,952	$314,168	$31,298	$3,130	$656,207	$1,157,565
Turner	$6,007	$11,826	$19,867	$9,971	$993	$99	$20,827	$36,740
Twiggs	$7,150	$14,075	$23,645	$11,868	$1,182	$118	$24,788	$43,727
Union	$33,816	$66,566	$111,831	$56,129	$5,592	$559	$117,236	$206,808
Upson	$17,079	$33,621	$56,483	$28,349	$2,824	$282	$59,213	$104,453
Walker	$212,363	$418,038	$702,303	$352,489	$35,115	$3,512	$736,248	$1,298,759
Walton	$362,431	$713,447	$1,198,591	$601,578	$59,930	$5,993	$1,256,523	$2,216,537
Ware	$23,717	$46,688	$78,435	$39,367	$3,922	$392	$82,226	$145,049
Warren	$0	$0	$0	$0	$0	$0	$0	$0
Washington	$0	$0	$0	$0	$0	$0	$0	$0
Wayne	$6,046	$11,902	$19,995	$10,036	$1,000	$100	$20,962	$36,977
Webster	$0	$0	$0	$0	$0	$0	$0	$0
Wheeler	$0	$0	$0	$0	$0	$0	$0	$0
White	$25,892	$50,969	$85,628	$42,977	$4,281	$428	$89,766	$158,350
Whitfield	$360,645	$709,931	$1,192,685	$598,614	$59,634	$5,963	$1,250,331	$2,205,614
Wilcox	$0	$0	$0	$0	$0	$0	$0	$0
Wilkes	$8,875	$17,471	$29,352	$14,732	$1,468	$147	$30,770	$54,280
Wilkinson	$0	$0	$0	$0	$0	$0	$0	$0
Worth	$13,205	$25,995	$43,672	$21,919	$2,184	$218	$45,782	$80,761
1998 Dollars	$37,128,600	$73,087,795	$122,787,495	$61,627,628	$6,139,375	$613,937	$128,722,224	$227,069,161
2006 Dollars	$45,776,222	$90,110,673	$151,385,931	$75,981,319	$7,569,297	$756,930	$158,702,917	$279,955,839

About the Author

Peter Bluestone is a Research Associate with the Fiscal Research Center at the Andrew Young School of Policy Studies at Georgia State University. He is a Georgia State University Urban Fellows Recipient. His research interests include, urban economics, environmental economics and state and local fiscal policy.

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